

**COUNTY OF SAN BERNARDINO**

**2002-03  
FINAL BUDGET**

**Supervisor Bill Postmus ..... First District**  
**Supervisor Jon D. Mikels ..... Second District**  
**Supervisor Dennis Hansberger, Vice Chair ..... Third District**  
**Supervisor Fred Aguiar, Chair ..... Fourth District**  
**Supervisor Jerry Eaves ..... Fifth District**

**John F. Michaelson, County Administrative Officer**  
**Larry Walker, Auditor/Controller-Recorder**

The Honorable Board of Supervisors  
County of San Bernardino  
San Bernardino, California

The Board adopted the final budget for 2002-03 on June 25, 2002. This fiscal year is noteworthy because 2003 marks the County of San Bernardino's 150<sup>th</sup> anniversary – a century and a half of public service.

During the first half of its existence, San Bernardino County and most if not all California jurisdictions operated without an approved budget. In 1928 the state created the County Budget Act, which set up a uniform budget process for California counties, and the County of San Bernardino issued its first budget in 1929-30 with a total appropriation of \$2.4 million. Seventy-five years later, the county's appropriations stand at \$2.6 billion. One thing that hasn't changed is the County of San Bernardino's tradition of cautious, conservative planning. That first budget included a reserve of 4% for unforeseen events. The 2002-03 budget before you now contains a general purpose reserve of 10%, as well as, a significant amount set aside in contingencies for uncertainties that the county may face during the current and coming fiscal years.

The adopted 2002-03 budget stands as a fiscally sound spending plan with no reliance on one-time financing to meet ongoing county needs. While fiscally conservative the county still provided for fair and equitable salary adjustments, operational requirements within county departments, substantial capital improvement investment, debt reduction investment, and important departmental programs.

The key elements of this 2002-03 budget include:

### **Capital Improvements**

Funding for Capital Improvement projects has historically been limited, especially when projects require 100% local financing. This is the second year in a row that the county has been able to direct a substantial amount of money for long delayed maintenance of office space to properly maintain buildings and provide an improved working environment for the employees of the county. The 2002-03 budget included not only \$3 million in the original financing plan for a number of necessary projects, but the Board also approved an additional \$3.6 million of one-time money to be used for critical energy conservation projects such as an upgrade of the Glen Helen Water System and replacing aging heating, ventilation and air conditioning systems in several county buildings.

### **Debt Reduction Plan**

The county has taken a proactive stance in trying to reduce county debt. During 2001-02 the county refinanced two outstanding debt issues, the 1992 Justice Center/Airport Improvement Project and the 1992 West Valley Detention Center project. The Justice Center/Airport Improvement refinancing generated \$2.1 million in general fund savings in 2001-02. The West Valley Detention Center refinancing will generate \$1.1 million in general fund savings in 2002-03. The 2002-03 adopted budget includes using the combined savings of \$3.2 million to reduce the outstanding principal of the 1995 Glen Helen Blockbuster Pavilion Series D taxable debt. This action results in a savings of \$260,000 annually over the next 22 years.

### **Departmental Requests Approved**

During budget hearings the Board approved the following department's requests for additional funding in the 2002-03 adopted budget. Staffing and operation costs for the West Valley Juvenile Hall expansion expected to open in December 2002 was funded. A portion of the projected Proposition 172 revenue shortfall totaling \$2.9 million was temporarily funded in 2002-03, anticipating the Proposition 172 revenues will ultimately return to projected growth. This temporary funding maintained the current level of sworn staff in the Sheriff's Department and funded the District Attorney's elder abuse prosecution unit in the central and desert regions of the county. Twelve technical service positions in the Sheriff's Department were temporarily funded. These positions were previously funded by the COPSMORE grant at 75% and the local match of 25% was financed within the Sheriff's Department budget. The COPSMORE grant expired in 2001-02, and, as part of the terms of the grant, the county is obligated to fund these positions for one budget cycle following the completion of the grant.

### **2% Local Cost Reduction**

County policy wisely requires that ongoing costs be funded by ongoing resources. Based on the unallocated, ongoing resources available in 2002-03 and the unknown costs of future labor agreements, the Administrative Office implemented a 2% local cost reduction for locally funded departments. This reduction generated \$2.3 million in ongoing revenue sources to be used to fund future ongoing costs such as salary costs.

### **Contingencies & Reserves**

The Board prudently set aside \$45.9 million in the contingencies budget to mitigate the impact of uncertainties presented by the state's financial picture, salary negotiations with the county's safety employees whose contract expires on December 31, 2002, and increases in retirement and insurance costs. In addition, the Board contributed \$1.7 million to the general purpose reserve in 2002-03, bringing the total to \$31.9 million (10% of locally funded appropriations). Contingencies and reserves serves as an insurance policy to safeguard essential programs should the county experience an economic downturn.

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In summary, although the county budget has grown from millions to billions, the 2002-03 adopted budget demonstrates the Board's continued commitment to responsible fiscal management and a fair, cost-effective government for the citizens of San Bernardino County. While there are still issues for the county to face in the future, this budget is another step forward, and one in which the Board can take pride. It is also a budget that places the county in a good position to meet the challenges of future budget years.

Respectfully submitted,

**JOHN F. MICHAELSON**  
County Administrative Officer